

## MEMO

TO: HOUSING METHODOLOGY COMMITTEE  
FROM: ABAG RHNA TEAM  
DATE: SEPTEMBER 27, 2006  
RE: REVISIONS AND APPEALS

### SUMMARY

The Committee will be considering allocation methodologies at its October meetings. The methodology is mainly used to allocate the regional housing need among local jurisdictions. It will also be used at the two points in the RHNA process where local jurisdictions can request changes to the allocation. This memorandum outlines the main features of these two points in the process, suggests some ways of thinking about the process and requests that the Committee provide staff with feedback on these concepts.

### BACKGROUND

The current RHNA statute provides for two reviews of the proposed allocation. The first is called the revision period which begins in June 2007 and concludes by October 2007.<sup>1</sup> The second is called the appeals period which begins in November 2007 and concludes by April 2008.<sup>2</sup> In each instance, local jurisdictions may ask for a change to their allocations. However, the regional housing need has to be fully allocated within the region. Therefore, if ABAG changes one local jurisdiction's allocation, it must reallocate the difference to one or more jurisdictions in the region.

After the revision period, ABAG may issue a "reallocation" based on the decisions made in response to requests for review from local jurisdictions. This reallocation is then subject to the appeals process. After the appeals period, ABAG may issue another "reallocation" based on the decisions made in response to appeals by local jurisdictions. In the revision process, if ABAG "reallocates" it will use the regional allocation methodology. In the appeal process, the RHNA statute provides a formula for a "reallocation" if one is needed, but leaves some discretion to ABAG.<sup>3</sup>

### ANALYSIS AND SUGGESTIONS

The committee may wish to consider including in the methodology sets of criteria that guide how ABAG responds to requests for revisions or appeals and how to make any necessary reallocations.

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<sup>1</sup> The request for a revision "shall be based on comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation" [Section 65584.05(b)]. Further, the requested revision must be "in accordance with the [RHNA] factors [described in Section 65884.04(d)]."

<sup>2</sup> The appeal may be based on one or both of the following: (1) ABAG failed to adequately consider the information about a RHNA factor, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction or (2) ABAG failed to determine the jurisdiction's share of the regional housing need in accordance with the RHNA factors or the methodology.

<sup>3</sup> The statute requires that appealed allocations be distributed "proportionally to all local governments" if the appealed allocations total seven per cent (7%) or less of the regional need. In the event the appealed allocations total more than seven per cent (7%), ABAG "shall develop a methodology to distribute the amount greater than the 7 percent to local governments."

There may be opportunities to use reallocations to accommodate local conditions while also advancing the RHNA objectives.<sup>4</sup>

#### A. Boundary Issues

One way of thinking about the revision process is as an added technical tool for “fine-tuning” the initial draft allocation. One example is the allocation of the share associated with land within a city’s sphere of influence. It seems probable that the methodology will not address the situations of all cities and counties.

The Committee could recommend criteria for handling requests for revision based on unique sphere of influence issues. Thus, the methodology could include a statement that when a request for revision is to reallocate units associated with a city’s sphere of influence, the request will be decided in a manner that:

- ❑ is consistent with any pre-existing written agreement between the city and county allocating such units or,
- ❑ in the absence of a written agreement, allocates the units to the jurisdiction that has permitting authority over future development in the sphere of influence.

These criteria resolve the local issues and advance the statutory RHNA objectives. In this particular example, there is the added benefit of avoiding reallocation to parties not directly involved in the request for revision.

#### B. Voluntary Transfers of RHNA Units

Another way of thinking about the revision process is as an opportunity for local jurisdictions to transfer a portion of their allocation to a willing partner that can better plan for, or provide, the necessary housing choices. In *A Place to Call Home* (2006), ABAG documented the region’s progress since the last RHNA revision. One prevalent theme is that there are differences in local conditions that affect how much of their RHNA goals local jurisdictions can achieve. Some struggled to permit any housing units – particularly affordable units – while others permitted significant increases in, and diversification of, the housing stock.<sup>5</sup>

An effective set of transfer criteria can condition transfers of RHNA units between two willing jurisdictions that directs housing growth and diversification of housing choices in a way that furthers RHNA objectives and regional planning goals. The Committee may wish to give some thoughts to the following issues for further discussion during the October meetings.

- ♦ Requests for revisions and appeals must identify jurisdictions willing to transfer and willing to accept the RHNA units.
- ♦ Special conditions on transfer of below-market units.
- ♦ Transfers must improve the likelihood that there will be an increase (over what would otherwise occur) in housing choices in the jurisdiction which accepts the units.

Committee members should also bear in mind that these criteria must comply with all statutory constraints, further the RHNA objectives and be consistent with the overall RHNA methodology.

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<sup>4</sup> See the Southern California Association of Governments’ (SCAG) recent proposal for a “pilot project” (attached) at pages 7-8.

<sup>5</sup> *A Place to Call Home* (2006), pages 13-18.